



A HOME OF MY OWN:

A PROJECT TO ASSIST PEOPLE WITH DEVELOPMENTAL DISABILITIES TO PURCHASE THEIR OWN HOME, MAKE MORE OF THEIR OWN DECISIONS ABOUT THEIR HOUSING AND TAKE MORE CONTROL OF WHERE THEY LIVE.

APPLICATION AND INFORMATION PACKAGE

BRUCE SUNDLUN
GOVERNOR

RICHARD GODFREY
EXECUTIVE DIRECTOR
RHODE ISLAND HOUSING

A. KATHRYN POWER
DIRECTOR
MHRH

HOME OWNERSHIP/CONTROL PROJECT
FOR PERSONS WITH DEVELOPMENTAL
DISABILITIES

INTRODUCTION

The Department of Mental Health, Retardation and Hospitals (MHRH), in partnership with Rhode Island Housing Mortgage Finance Corporation (RIHMFC), is interested in encouraging people with developmental disabilities to acquire or control their own housing. Grants are available for both an individual or 2 or 3 persons with developmental disabilities 18 years of age and older to purchase a home or condominium in Rhode Island. Contracts and other financial arrangements will be determined by MHRH and RIHMFC, as appropriate.

The unique feature of this project is the assurance that the property is acquired with the active involvement of eligible individuals and is affordable to the tenants. Individuals will be responsible for taking more control of their living environment by making choices concerning the selection of roommates, dwelling types, furnishings, housing location, staffing, staff selection, and the like.

ANNOUNCEMENT

Available: \$600,000 FY94 grants are available from MHRH for closing costs, down payments and furniture (up to \$30,000 per individual for down payments and closing costs and up to \$5,000.00 per person for purchase of furnishings). Applications are encouraged for the acquisition of condominiums and single family homes for personal ownership or control. Three (3) or fewer persons with developmental disabilities may reside in the home. The home must be pre-approved by MHRH. Preferences will be given to persons moving out of existing community residences and to persons who are a priority of the Division of Developmental Disabilities for residential placement. Any combination of MHRH or non-state monies must be sufficient to purchase, operate, maintain and furnish a residence (including, for example, mortgage payments and maintenance of residence, i.e. escrow account for maintenance). Final determination of satisfactory compliance will be made by the Department of Mental Health, Retardation and Hospitals. Deed restriction must be included to address, among other things, the issue of succession and the protection of the State's investment, i.e. contribution in case of a sale of the residence. Also, the issue of equity by the purchaser should be waived and so noted in the restrictions. No sub-leasing can take place without MHRH approval.

Individuals applying for grants for this housing project must be able to demonstrate a financial capacity to manage the responsibilities of home ownership, i.e. have sufficient income or resources to pay for such costs as the monthly mortgage, condo

fees, taxes, food, utilities, support staff, etc. Individuals will be required to submit a budget plan describing how they will pay for these expenses prior to being selected for this project.

Individuals selected for participation in this project will be responsible for making decisions regarding the specific home or condominium they would like to purchase as well as whom they would like to live with. Once a particular place has been identified MHRH officials will make a site visit to determine whether the home meets departmental criteria for approval.

Any person who is not eligible to sign a legal document such as a mortgage must obtain a limited guardian to sign documents on the person's behalf. The Department will assist people in obtaining a guardian if necessary*

In the interests of integration and full community participation of people with disabilities as well as safety, community convenience and efficiency the Department of MHRH will provide funding for housing which meet the following criteria:

- ?basic fir* and life safety**
- ?minimum housing standards**
- condominiums that are ground level will be given preference •proximity to local conveniences such as shopping facilities, banks, grocery stores, public transportation, etc.**
- capacity to accommodate people's accessibility needs**
- sufficient distance from housing in which other people with disabilities live**
- acceptable appraisal value**
- low maintenance costs**

Applications will be processed as they are submitted (i.e., first come-first served), within the confines of MHRH prioritization criteria listed above and consistent with the priorities of the Division of Developmental Disabilities. Priority will be given to persons currently receiving services from the Division and people in need of alternative housing. MHRH will not provide funds to individuals with cash assets of more than \$30,000.00. Decisions for final selection of people will be based on issues such as availability of sufficient operating resources, selection and approval of property, acceptance of an Individual Support Plan and based on the needs of the person for housing. MHRH will not provide funds for homes/condos owned by a relative of a person submitting an application.

APPLICATION PROCESS

Complete the enclosed application at the end of this booklet and mail it through the local U.S. Post Office mail system.

Applications must be postmarked and not hand delivered- Any

application that is hand delivered will not be accepted.

Applications with a postmark beginning on November 24, 1993 will be accepted. Applications with a postmark before November 24, 1993 will not be accepted.

The rationale for these guidelines is to give everyone a fair amount of time to learn about this project, complete an application and for us to consider applications that are received beginning on a specific day. Limited dollars are available for this project and approximately 20 people will be authorized to participate. It is our intent to identify additional dollars for expansion of this project next year if it is successful.

Applications must be mailed to:

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Sue Babin, Administrator
Division of Developmental Disabilities
600 New London Avenue

Cranston, Rhode Island 02920

For more information call:

Sue Babin, Administrator
464-3234
464-3421 (TDD)

A HOME OF MY OWN PROGRAM

Program Objective

- o A Home of My Own is a 12-month demonstration loan program designed to assist persons with developmental disabilities to purchase homes by providing the resources necessary for them to live in their own homes in order to promote independence, productivity and integration,

Eligible Activities

- o Rhode Island Housing provides a low-interest rate first mortgage, a silent second mortgage and an equity rebate. The balance needed to complete the transaction and make the home affordable is provided by the Department of Mental Health, Retardation and Hospitals (DMHRH). Funds will be provided on a first-come, first-serve basis until exhausted.

Eligible Applicants

- o Applicants are to be first-time homebuyers. These are individuals with developmental disabilities who have not had an ownership interest in a primary residence anytime during the past three years.
- o They are to be referred by DMHRH and have an approved Individual Support Plan (ISP) in place. An ISP is a breakdown of the required staff assistance as well as any additional support the person may need.
- o DMHRH is to certify that the borrowers have the capacity to enter into the transaction. If unable to provide such certification, a court-appointed legal guardian is required.
- o The home is to be occupied by the borrowers as long as the Rhode Island Housing mortgage is in force.
- o In the event of default, DMHRH is responsible for ensuring that payments continue to be made.

Available Funds and Source

- o Rhode Island Housing will provide \$600,000 from its Corporation Commitment for Housing Initiatives; DMHRH will provide \$600,000 from the sale of approved capital bonds.

Application Process

- o Rhode Island Housing will originate the loans directly and absorb the cost of the credit report, appraisal and all closing costs with the exception of per diem interest, escrows and title insurance.

Financing Terms

- o 30 Year fixed rate loan at a rate of 4.25% and 0 points.

Underwriting Guidelines

Income Limits

- o Maximum annual household income cannot exceed \$23,000 exclusive of any ISP subsidy.

Eligible Property Types

- o New and existing single-family homes and condominiums. All properties must be in good condition requiring minimal maintenance as evidenced by a home inspection conducted by a Rhode island Housing approved home inspector.

Maximum Purchase Price

- o Up to Rhode Island Housing Program limits.

Co-Borrowers

- o All Borrowers must occupy the property.

Maximum Combined o The maximum combined loan-to-value ratio of the first Loan - to - Value Ratio and second mortgages is limited to 60%.

o Rhode Island Housing will provide a first mortgage based on the borrower's repayment ability and a second mortgage for up to 15% of the purchase price. The purpose of the second mortgage is to increase affordability for borrowers by lowering the required monthly mortgage payment by providing limited assistance with the down payment requirement. Repayment of the second mortgage will be upon sale or transfer of the property. Rhode Island Housing receives the greater of appreciation of the property at the time of sale or transfer in an amount equal to the percentage amount of the second mortgage or 3% interest from the date of closing.

o Rhode Island Housing will provide an equity rebate to assist borrowers in meeting the closing costs and cash reserve requirements. The amount of assistance available is 2% of the property purchase price to a maximum of \$1000.

o DMHRH will contribute up to \$30,000 per borrower to make the home affordable and to provide the remaining amount needed to cover the down payment and closing costs. They will also provide up to \$5000 per borrower for reserves for maintenance, capitol repairs or for additional closing costs, if necessary. Repayment will be upon sale or transfer of the property. DMHRH will receive the greater of appreciation of the property at the time of sale or transfer in an amount equal to the percentage amount of their contribution or 5% interest from the date of closing.

Qualifying Ratios

o 30% Income-to-Total Obligations. Applicants are required to submit a budget detailing their monthly income and proposed expenses.

Rental Income

o In order to manage the mortgage payment on a limited income, single borrowers will need to have a roommate. In most cases, the roommate will be another disabled person or a DMHRH staff person who will pay rent to the borrower. DMHRH will guarantee the difference between the amount of the mortgage payment and the amount that the borrower can afford. For qualifying purposes, 100% of the amount guaranteed by DMHRH for rent will be deducted from the PITI. Rhode Island Housing will require that both a lease and guarantee agreement be signed.

Downpayment

- o No borrower contribution is required. The balance required to complete the transaction is provided through a deferred loan from DMHRH which will be payable upon sale of the property.

Mortgage Insurance o Not required

Home Buyer Counselling

- o Rhode Island Housing will provide initial Home Buyer Counselling. Ongoing counselling is to be provided by Rhode Island Housing and DMHRH 6 months and 12 months after closing and on an as needed basis thereafter. All borrowers are to receive counselling. If a guardianship exists, the guardian must also attend the sessions.

Loan Servicing

- o Loans will be serviced by Gulf States Mortgage Co., Inc. affiliates of Citizens Savings Bank. The payments will be drafted directly from the borrower's account. In the event of default, Rhode Island Housing will notify DMHRH and work with them to resolve the delinquency.
- o Citizens will receive 40 basis points as its fee for servicing the loans.
- o No Mortgage Lender's Reserve account deposit is required.

Affordability Provision

- o These loans are subject to a payment to Rhode Island Housing of an amount equal to 2% of the sales price if the property is sold within 15 years of closing or 2% of the appraised value in the event of transfer. If, however, the sales price or appraised value is within the Rhode Island Housing Homeownership Affordability Index at the time of sale or transfer, a waiver is granted.

Recapture

- o These loans are not subject to the IRS Recapture Provision

Borrower Substitution

- o If there is more than one borrower, and one or more no longer occupies the property as his or her primary residence, Rhode Island Housing will permit another eligible DMHRH client to assume the former borrower's portion of the mortgage and to take title to the property.

OMHRH requires that in the event of borrower substitution during the first six years of ownership, the former borrower waives his or her rights to any equity. For a substitution of borrower with transfer of ownership after year six, any equity would be determined at the sole discretion of the borrower and the prospective substitute borrower.

Substitution of borrowers will be permitted only as long as one of the original borrowers occupies the property. Replacement borrowers are to receive homebuyer counselling and be approved by Rhode Island Housing.

- o If all original borrowers have moved out of the property, Rhode Island Housing mortgages are due and payable.

HOME OF MY OWN

Program Procedures

DEPARTMENT OF MENTAL HEALTH,
RETARDATION & HOSPITALS (DMHRH)

- Prescreens applicant
- Reviews proposed Individual Support Plan.
- Determines that applicant has capacity to enter into real estate transaction. If unable to provides certification proof of legal guardian.

APPLICANT

- Selects real estate fix purchase

DMHRH

- Approves Individual Support Plan

RI HOUSING

- ! Provides a Home of My Own Handbook to applicant for review

DMHRH

- Conducts site visit of real estate

APPLICANT

- Enters into Purchase & Sales Agreement
- Contacts RI Housing to schedule counseling meeting

RI HOUSING

- Meets with applicant and guardian (if applicable) to provide initial homebuyer counseling and review the applicant's prepared budget
- Schedules application
- Completes application package
- Reviews application, pulls in-file credit report, obtains appraisal, Home Inspection and required documentation
- Underwrites loan upon receipt of appraisal
- Notifies applicant of loan decision
- Notifies DMHRH to prepare check for grant.
- Orders and reviews title search
- Contacts applicant to schedule closing
- Prepares closing documents
- After dosing, sends loan to Bank for set up on servicing system
- Conducts counseling sessions with mortgagor guardian or assigned staff person as applicable 6 months and again 12 months after dosing

DIVISION OF DEVELOPMENTAL DISABILITIES
PROCEDURES FOR SELECTION OF APPLICANTS FOR
"A HOME OF MY OWN" PROJECT

<u>ACTIVITY</u>	<u>PROCEDURE</u>
1. <u>Applications Accepted</u>	* Applications logged in by Sue Babin, Administrator, by date and time received
2. <u>APPLICATIONS</u> Screened	<div>* Screening Committee Al Quattromani, (Community Services)', Frank DiMaio (Financial Management), Sue Babin (Policy and Planning), Stephanie Horridge, (Social Services) DDD; and Representative from R.I. Housing) Reviews applications to determine:<ul style="list-style-type: none">- whether person meets eligibility criteria technical assistance needs of persons for locating housing, roommates, etc.- personal finances of person capacity of person to demonstrate sufficient resources for any support (i.e. staff assistance) needed- capacity to sign mortgage documents or need for guardian to be identified- amount of mortgage person can afford to pay</div>
3. <u>Participants Selected</u>	* People meeting eligibility criteria are authorized to begin process for participation in "A Home of My Own" Project
4. <u>Home Buyer Counseling</u>	<div>* People authorized receive a Homeownership Guide</div> <div>* R.I. Housing schedules Home</div>

Buyer Counseling with each authorized person

5. Technical Assistance

- * Technical Assistance needs identified for each authorized person in terms of:

- resource person (Marge Guillet) identified to directly assist each person with all aspects of property search process

- social service coordination with people requesting assistance in identifying potential roommates

- resource person (social caseworker or authorized Service Broker) identified to assist with the development of Individual Support Plan (ISP)

- Guardian identified, if necessary, to sign mortgage documents

6. Home/Condo Approval

- * Authorized persons notify Office of the Executive Director, DDD of the home/condominium that is their preference

- * If it is a condominium, Sue Babin contacts R.I. Housing to determine if condo location meets R.I. Housing requirements

- * Office of Community Residential Resource Development (OCR RD) , MHRH visits potential property and determines status of home/condo in terms of:

- geographical location
 - physical condition and
 - asking price of seller
 - appraisal of property
 - **maintenance needs**

7. Financing

- * OCRRD submits written report on findings to Office of the Executive Director, DDD
- * Executive Director or his/her representative notifies each person of approval or non-approval of potential property
- * Person(s)/Guardian(s) negotiate sales price with seller and deposit required
- * ISP submitted and approved by DDD
- * MHRH grant agreement developed by Frank DiMaio identifying amount of grant to person(s) for down payment and closing costs and amount provided for purchase of furnishings
- * R.I. Housing completes mortgage application from person(s)/Guardian(s)

8. Mortgage Closing

- * R.I. Housing schedules mortgage closing and explains process and responsibilities to each person/guardian
- * Process completed and all mortgage documents signed

Application for Home Ownership/Home Control Project



Name: _____

Address: _____

Telephone: _____

Social Security Number: _____

Date of Birth: _____

Please answer the following questions:

1. Present Living Status

- _____ at home with family
_____ independent rental of apartment/home
_____ group home/semi-independent apartment
_____ semi-independent apartment
_____ institution
_____ other (specify) _____

2. Present Financial Status

_____ SSI	monthly amount \$ _____
_____ SSDI	monthly amount \$ _____
_____ CPA	monthly amount \$ _____
_____ Employment	monthly amount \$ _____
_____ Other income	

Specify _____ monthly amount \$ _____

_____ Bank account balance \$ _____

Name of bank/credit union _____

_____ Trust fund balance \$ _____

3. Personal Status

- ☐ Need accessible housing
☐ Need roommate(s) to live with
☐ Need housing modifications for personal needs
☐ Need assistive technology for emergency situations
☐ Other (specify) _____

4. Housing Preferences (check all that apply)

- ☐ Single family home
☐ Condominium
☐ Ground floor condominium
☐ Close to busline
☐ Specific city or town (specify) _____

- ☐ Any location within Rhode Island
☐ Mortgage in my name
☐ Mortgage in non-profit organization's name
☐ Housing with no other roommates
☐ Housing with one roommate
☐ Housing with two roommates
☐ Housing with three roommates

5. Current Status

A. Roommates

- ☐ I know who I would like to live with
☐ I have not decided who I would like to live with
☐ I need some help with meeting and choosing (A) (some) roommates

B. Location

- ☐ I have picked out a home or condominium that I would like to live in
☐ I am looking at various homes or condominiums
☐ I have not looked at any places to live yet
☐ I have the furniture and furnishings I will need
☐ I do not have the furniture and furnishings I will need

I need:

C. Assistance for Support (staff, meal preparation, transportation, household management, budgeting help, etc.)

- _____ I do not need any assistance for support to live in my own place
- _____ I do need some support but need some help in stating what I need
- _____ I do need some support and have submitted a request for funding to _____ to pay for the support I need
- _____ I do need some support and I have received approval from _____ for the support I need

Please describe the support you will need

D. Personal Assistance

_____ I have family members who can help me

Names: _____

_____ I have friends who can help me

Names: _____

_____ I will need someone to help me:

- _____ find a home/condominium
- _____ find (a) roommate(s)
- _____ develop a budget plan
- _____ pick out furniture

6. Guardianship

_____ I am my own guardian
_____ I have a legal guardian

Name: _____

Address: _____

Telephone: _____

7. Present Expenses

_____ I do not have any loans/bills to repay
_____ I do have loans/bills to repay

specify: _____	monthly amount \$ _____
specify: _____	monthly amount \$ _____
specify: _____	monthly amount \$ _____

8. Signature(s):

Applicant: _____ Date: _____
Person providing assistance to applicant in completing this form:

(name) (relationship) Date: _____